

Message Text

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PAGE 01 STATE 222562

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P 181625Z SEP 75

FM SECSTATE WASHDC

TO USMISSION IAEA VIENNA PRIORITY

C O N F I D E N T I A L STATE 222562

PASS MYRON KRATZER ARRIVING VIENNA EVENING 9/18.

FOLLOWING REPEAT CAIRO 9195 ACTION SECSTATE 16 SEP 75

QUOTE

C O N F I D E N T I A L CAIRO 9195

FOR ASST SECRETARY ATHERTON

E.O. 11652: GDS

TAGS: ENRG EG

SUBJECT: NUCLEAR ENERGY

1. AMBASSADOR HAS RECEIVED LETTER FROM DR. KEMAL
EFFAT, DIRECTOR, ATOMIC ENERGY ESTABLISHMENT DATED SEPT 13, WHICH
QUOTED BELOW AS RECEIVED:

QUOTE - YOUR EXCELLENCY,

1. I HAVE THE HONOR TO ACKNOWLEDGE THE RECEIPT OF NOTE NO 623
SENT BY THE EMBASSY TO THE MINISTRY OF FOREIGN AFFAIRS AND
THE TWO ATTACHED ENCLOSURES CONTAINING THE RESPONSES OF THE
AMERICAN SIDE TO THE TECHNICAL POINTS RAISED IN THE TWO
NOTES PREVIOUSLY SENT TO THE USAEC BY THE EGYTIAN SIDE IN
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PAGE 02 STATE 222562

AUGUST AND NOVEMBER 1974, CONCERNING THE AGREEMENT OF

COOPERATION, BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE USA,
FOR THE CIVIL USES OF ATOMIC ENERGY.

WITH RESPECT TO THE TECHNICAL ISSUES OF THE AGREEMENT, THERE
ARE STILL FEW POINTS WHICH NEED FURTHER DISCUSSION OR CLARIFICATION,
SOME OF THE MAIN OUTSTANDING POINTS ARE THE FOLLOING:

1. REGARDING ARTICLE VIII. F CONCERNING THE PHYSICAL
SECURITY MEASURES, THE POINTS RAISED BY THE EGYPTIAN SIDE
WERE NOT CONCERNED WITH THE TEXT OF ARTICLE VIII. F ITSELF
WHICH IS QUITE ACCEPTABLE AS IT STANDS IN THE ORIGINAL TEXT,
AND HENCE THE NEW PROPOSED REVISED TEXT BY THE AMERICAN
SIDE IS NOT NECESSARY. OUR COMMENTS WERE HOWEVER ADDRESSED
TO THE PARAGRAPH IN THE NOTE ATTACHED TO THE AGREEMENT,
STATING THAT:

QUOTE THE INITIATION AND CONTINUATION OF COOPERATIVE
ACTIVITIES UNDER THE AGREEMENT WILL RQUIRE PRIOR AGREEMENT
UPON THE EFFECTIVE IMPLEMENTATION OF SUCH ARRANGEMENTS. UNQUOTE

WHILE WE AGREE WITH THE AMERICAN SIDE UPON THE EXTREME
IMPORTANCE OF PHYSICAL SECURITY ARRANGEMENTS, WE CONSIDER
THE ABOVE STATEMENT TO BE OF NEGATIVE CHARACTER, AND WHAT IS
NEEDED TO BE STRESED HERE IS THE POSITIVE SIDE NAMELY THE
COOPERATION OF THE TWO SIDES IN THE ELABORATION OF A SUITABLE
AND EFFECTIVE PHYSICAL SECURITY SYSTEM, AND THE PROVISION BY
THE USA OF THE NEEDED TRAINING AND EQUIPMENT FOR THE
EFFECTIVE IMPLEMENTATION OF THE PHYSICAL SECURITY MEASURES
TO BE AGREED UPON.

2. REGARDING THE REFERENCE IN ARTICLE VIII. C TO SOURCE
MATERIAL, THE EGYPTIAN SIDE AGREES TO THIS PROVISION WITH
THE UNDERSTANDING GIVEN IN POINT (1) OF THE AMERICAN SIDE
RESPONSE (ENCLOSURE TO NO 623) STATING THAT - QUOTE (ORIGINAL LETTER
CONTAINS NO END TO QUOTE) SOME MATERIAL PRODUCED IN EGYPT BY
A JOINT VENTURE BETWEEN US COMPANIES AND EGYPT WOULD NOT
BE SUBJECT TO ARTICLE VIII. C SOLELY BECAUSE OF THE JOINT VENTURE
ITSELF. SUCH MATERIAL WOULD HAVE TO BECOME SUBJECT TO ARTICLE
X, XI OR XII OF THE AGREEMENT IN ORDER TO COME WITHIN THE SCOPE
OF ARTICLE VII. C REFERENCE IN ARTICLE X TO MATERIAL OTHER
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PAGE 03 STATE 222562

THAN SPECIAL NUCLEAR MATERIAL ARE ONLY WITH RESPECT TO THAT
TRANSFERRED TO EGYPT. HENCE SOURCE MATERIAL PRODUCED IN
EGYPT AS A RESULT OF JOINT VENTURE WITH AMERICAN COMPANIES
WOULD NOT AUTOMATICALLY BE COVERED BY THE ARTICLE UNLESS THE
PARTIES SO AGREED OR UNLESS SOURCE MATERIAL HAVING
BEEN SENT TOTHE US WAS TRANSFERRED BACK TO EGYPT UNDER THE
AGREEMENT, THEREBY SUBJECTING IT TO THE AGREEMENT.

3. REGARDING THE PROPOSAL FOR THE USE OF 1200 MW IN ARTICLE IX, THE EGYPTIAN SIDE TOOK NOTE THAT THIS PROPOSAL IS UNDER STUDY BY THE AMERICAN SIDE AND IS LOOKING FORWARD FOR YOUR AGREEMENT TO THIS PROPOSAL.

4. THE QUESTION OF THE FABRICATION, STORAGE AND REPROCESSING BEING CARRIED OUT IN FACILITIES OUTSIDE EGYPT, AND THE EFFECT ON THE FUTURE ECONOMICS OF NUCLEAR POWER STILL NEEDS FURTHER DISCUSSION AND MUTUAL UNDERSTANDING.

WE AGREE THAT OUTSTANDING CLAUSES RELATING TO SAFEGUARDS AND CONTROLS IN THE AGREEMENT AND THE DIPLOMATIC NOTE ATTACHED TO IT, WILL BE DISCUSSED AT THE POLITICAL LEVEL.

PLEASE ACCEPT THE ASSURANCES OF MY HIGHEST CONSIDERATION.

YOURS SINCERELY. UNQUOTE

2. EFFAT'S LETTER, ALTHOUGH PURPORTING TO FURTHER SETTLEMENT TECHNICAL ISSUES, DOES NOT PROVIDE BASIS FOR FINAL RESOLUTION OF SO-CALLED TECHNICAL ASPECTS. EFFAT OBVIOUSLY HAS REACHED LIMIT OF HIS NEGOTIATING ABILITY AND IS HOPING TO RAISE ISSUE TO HIGHER LEVEL BY PROVIDING NOTE AT THIS TIME.

3. IN CALL SEPT 16 UNDERSECRETARY MINISTRY OF ELECTRICITY MAHER ABAZA INQUIRED IF WE HAD RECEIVED EFFAT'S LETTER. HE SAID LETTER HAD BEEN SENT IN ORDER TO RESOLVE "TECHNICAL QUESTIONS" WHICH WOULD PAVE WAY FOR POSSIBLE COMPLETION OF AGREEMENT DURING PRESIDENT SADAT'S VISIT. WE POINTED OUT TO HIM THAT TECHNICAL QUESTIONS WERE NOT RESOLVED BY CURRENT EGYPTIAN NOTE, BUT INDICATED WE ARE SENDING NOTE TO WASHINGTON FOR STUDY.

4. COMMENT: PER CAIRO 9157, EGYPTIAN BUREAUCRACY, AT
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CONFIDENTIAL

PAGE 04 STATE 222562

LEAST, IS CLEARLY THINKING IN TERMS OF OCT VISIT FOR PRES SADAT TO RAISE ONCE AGAIN POSSIBILITY OF NUCLEAR COOPERATION AGREEMENT. IT IS ONLY MATTER OF TIME WE BELIEVE BEFORE HIGHER POLITICAL LEVELS OF THIS GOVERNMENT ALSO BEGIN TO TAKE THIS TACK. WE WILL BE WELL ADVISED, THEREFORE, TO DEVELOP OUR POSITION ON THIS QUESTION. BELIEVE WE SHOULD GIVE PROMPT REPLY TO POINTS RAISED IN EFFAT'S CURRENT LETTER IN ORDER TO KEEP TECHNICAL DISCUSSIONS IN THE ACTIVE STAGE.

EILTS

UNQUOTE KISSINGER

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